

CAHYA MATA SARAWAK BERHAD

(Company No: 21076-T)

(Incorporated in Malaysia)

Interim Financial Report

Condensed consolidated statements of comprehensive income for the period ended 31 March 2016

	Note	3 months ended		3 months ended	
		31.03.2016	31.03.2015	31.03.2016	31.03.2015
		RM'000	RM'000	RM'000	RM'000
Revenue	A8	346,906	490,989	346,906	490,989
Cost of sales		(290,230)	(389,381)	(290,230)	(389,381)
Gross profit		56,676	101,608	56,676	101,608
Other income		5,820	7,196	5,820	7,196
Administrative expenses		(15,111)	(20,905)	(15,111)	(20,905)
Selling and marketing expenses		(3,621)	(3,884)	(3,621)	(3,884)
Other expenses		(4,363)	(3,171)	(4,363)	(3,171)
Operating profit		39,401	80,844	39,401	80,844
Finance costs		(1,976)	(655)	(1,976)	(655)
Share of results of associates		(16,161)	13,734	(16,161)	13,734
Share of results of joint ventures		1,642	1,087	1,642	1,087
Profit before taxation		22,906	95,010	22,906	95,010
Income tax expense	B5	(12,967)	(23,996)	(12,967)	(23,996)
Profit for the period		9,939	71,014	9,939	71,014
Other comprehensive income/(expense)					
Foreign currency translation, net of tax		-	12	-	12
Share of other comprehensive income/(expenses) of associates, net of tax		10,718	(11,605)	10,718	(11,605)
Other comprehensive income/(expense) for the period, net of tax		10,718	(11,593)	10,718	(11,593)
Total comprehensive income for the period, net of tax		20,657	59,421	20,657	59,421
Profit attributable to:					
Owners of the Company		1,049	57,423	1,049	57,423
Non-controlling interests		8,890	13,591	8,890	13,591
		9,939	71,014	9,939	71,014
Total comprehensive income attributable to:					
Owners of the Company		11,772	47,466	11,772	47,466
Non-controlling interests		8,885	11,955	8,885	11,955
		20,657	59,421	20,657	59,421
		sen	sen	sen	sen
Earnings per share attributable to owners of the Company:					
Basic	B13	0.10	5.52	0.10	5.52
Diluted		N/A	5.51	N/A	5.51

The condensed consolidated statements of comprehensive income should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of financial position as at 31 March 2016

	Note	Unaudited As at 31.03.2016 RM'000	Audited As at 31.12.2015 RM'000
ASSETS			
Non-current assets			
Property, plant and equipment		726,004	730,028
Prepaid land lease payments		15,784	15,974
Land held for property development		308,043	297,022
Investment properties		5,479	5,508
Intangible assets		4,169	4,142
Goodwill		61,709	61,709
Investments in associates		670,780	671,280
Investments in joint ventures		32,183	34,090
Deferred tax assets		38,142	38,709
Other receivables		65,295	64,561
Investment securities		300	300
		<u>1,927,888</u>	<u>1,923,323</u>
Current assets			
Property development costs		294,912	265,972
Inventories		152,347	143,765
Trade and other receivables		369,381	400,324
Other current assets		30,624	37,102
Investment securities		38,828	98,116
Derivative financial asset		35,414	35,414
Tax recoverable		4,645	1,996
Cash and bank balances		331,748	325,067
		<u>1,257,899</u>	<u>1,307,756</u>
TOTAL ASSETS		<u>3,185,787</u>	<u>3,231,079</u>
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Share capital		537,188	537,188
Share premium		330,716	330,716
Other reserves		(7,911)	(18,760)
Retained earnings		1,169,323	1,168,357
		<u>2,029,316</u>	<u>2,017,501</u>
Non-controlling interests		<u>304,111</u>	<u>295,226</u>
Total equity		<u>2,333,427</u>	<u>2,312,727</u>
Non-current liabilities			
Deferred tax liabilities		41,811	41,805
Loans and borrowings	B7	105,690	95,322
Trade and other payables		170,113	170,113
		<u>317,614</u>	<u>307,240</u>
Current liabilities			
Income tax payable		10,266	21,730
Loans and borrowings	B7	86,078	68,356
Trade and other payables		374,813	474,732
Other current liabilities		63,589	46,294
		<u>534,746</u>	<u>611,112</u>
Total liabilities		<u>852,360</u>	<u>918,352</u>
TOTAL EQUITY AND LIABILITIES		<u>3,185,787</u>	<u>3,231,079</u>
Net assets per share attributable to ordinary owners of the Company (RM)		<u>1.89</u>	<u>1.88</u>

The condensed consolidated statement of financial position should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of changes in equity for the period ended 31 March 2016

	Equity, total RM'000	< ----- Attributable to Owners of the Company ----- >					Non- controlling interests RM'000
		Total RM'000	< ----- Non-distributable ----- >			Distributable	
			Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	
At 1 January 2016	2,312,727	2,017,501	537,188	330,716	(18,760)	1,168,357	295,226
Profit net of tax	9,939	1,049	-	-	-	1,049	8,890
Other comprehensive expense, net of tax	10,718	10,723	-	-	10,723	-	(5)
Total comprehensive income/(expense)	20,657	11,772	-	-	10,723	1,049	8,885
Transaction with owners:-							
Share of associate's reserves	43	43	-	-	126	(83)	-
Total transactions with owners	43	43	-	-	126	(83)	-
At 31 March 2016	2,333,427	2,029,316	537,188	330,716	(7,911)	1,169,323	304,111

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of changes in equity for the period ended 31 March 2015

	Equity, total RM'000	< ----- Attributable to Owners of the Company ----- >					Non- controlling interests RM'000
		Total RM'000	----- Non-distributable -----			Distributable	
			Share capital RM'000	Share premium RM'000	Other reserves RM'000	Retained earnings RM'000	
At 1 January 2015	2,074,533	1,811,731	519,752	289,304	(15,329)	1,018,004	262,802
Profit net of tax	71,014	57,423	0	0	0	57,423	13,591
Other comprehensive expense, net of tax	(13,311)	(11,675)	0	0	(11,675)	0	(1,636)
Total comprehensive income/(expense)	57,703	45,748	0	0	(11,675)	57,423	11,955
Transaction with owners:-							
Grant of equity-settled share options to employees	2,252	2,252	0	0	2,252	0	0
Exercise of employees' share options	303	303	204	217	(118)	0	0
Total transactions with owners	2,555	2,555	204	217	2,134	0	0
At 31 March 2015	2,134,791	1,860,034	519,956	289,521	(24,870)	1,075,427	274,757

Cahaya Mata Sarawak Berhad

(Company No: 21076-T)

Condensed consolidated statement of cash flows for the period ended 31 March 2016

	3 months ended 31.03.2016 RM'000	3 months ended 31.03.2015 RM'000
Profit before taxation	22,906	95,010
Adjustments for non-cash items:		
Non-cash items	26,814	(11,551)
Operating cash flows before changes in working capital	<u>49,720</u>	<u>83,459</u>
Changes in working capital		
Increase in current assets	(1,587)	(83,829)
Increase in land held for development	(11,021)	(257,836)
Decrease in current liabilities	(82,624)	(30,933)
Increase in non-current liabilities	-	217,544
Cash flows used in operations	<u>(45,512)</u>	<u>(71,595)</u>
Interest received	2,059	1,168
Interest paid	(1,976)	(636)
Income tax paid, net of refund	(26,509)	(17,809)
Net cash flows used in operating activities	<u>(71,938)</u>	<u>(88,872)</u>
Investing activities		
Purchases of investment securities	(15,126)	(15,082)
Dividends from investment securities	2,705	5,854
Additional investment in associates	(4,900)	-
Acquisition of property, plant and equipment	(11,632)	(33,488)
Additional investment in investment properties	-	(1,081)
Proceeds from disposal of property, plant and equipment	73	59
Proceeds from disposal of investment securities	76,010	17,058
Distribution of profit from joint ventures	3,549	-
Redemption of redeemable preference shares	-	4,267
Others	(150)	(985)
Net cash generated from/(used in) investing activities	<u>50,529</u>	<u>(23,398)</u>
Financing activities		
Drawdown/(repayments) of borrowings	28,090	22,040
Decrease/(increase) in deposits pledged to licensed banks	124	(5)
Proceeds from exercise of employee share options	-	303
Net cash from financing activities	<u>28,214</u>	<u>22,338</u>
Net increase/(decrease) in cash and cash equivalents	6,805	(89,932)
Cash and cash equivalents as at 1 January	323,003	804,676
Cash and cash equivalents as at 31 March	<u>329,808</u>	<u>714,744</u>
Cash and cash equivalents as at 31 March comprised the following:		
Cash and short term deposits	331,748	739,663
Less: Deposits pledged to licensed banks	(1,940)	(1,919)
Less: Wholesale fund pledged to licensed banks	-	(23,000)
	<u>329,808</u>	<u>714,744</u>

The condensed consolidated statement of cash flows should be read in conjunction with the audited financial statements for the year ended 31 December 2015 and the accompanying explanatory notes attached to the interim financial report.

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2016

Part A – Explanatory notes pursuant to MFRS 134

A1. Basis of preparation

These condensed consolidated interim financial statements, for the period ended 31 March 2016 are unaudited and have been prepared in accordance with MFRS 134 Interim Financial Reporting issued by the Malaysian Accounting Standards Board (“MASB”), and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad. These condensed consolidated interim financial statements also comply with IAS 34 Interim Financial Reporting issued by the International Accounting Standards Board.

These condensed consolidated interim financial statements should be read in conjunction with the audited financial statements for the year ended 31 December 2015. The explanatory notes attached to these condensed consolidated interim financial statements provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the year ended 31 December 2015.

A2. Changes in accounting policies

The significant accounting policies adopted by the Group in these condensed consolidated interim financial statements are consistent with those of the audited financial statements for the year ended 31 December 2015, except with the adoption of the following Malaysian Financial Reporting Standards (“MFRS”), IC interpretations and Amendments to MFRSs and interpretations.

- Annual Improvements to MFRSs 2012 - 2014 Cycle
- Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to MFRS 116 and MFRS 141: Agriculture - Bearer Plants
- Amendments to MFRS 10, MFRS 12 and MFRS 128: Investments Entities - Applying the Consolidation Exception
- Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations
- Amendments to MFRS 101: Disclosure Initiatives
- Amendments to MFRS 127: Equity Method in Separate Financial Statements
- MFRS 14: Regulatory Deferral Accounts

The initial application of the above is not expected to have any material financial impact on the Group’s results.

A3. Seasonal or cyclical factors

The business operations of the Group are generally non-cyclical or seasonal. Ordinarily, however, there is a lower level of activity during the 1st quarter of the year.

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2016

A4. Unusual items due to their nature, size and incidence

There were no unusual items affecting assets, liabilities, equity, net income or cash flows of the Group for the period ended 31 March 2016.

A5. Changes in estimates

There were no changes in estimates that have had a material effect on the current quarter's results.

A6. Debt and equity securities

There were no issuances, cancellation, repurchases, resale and repayments of debt and equity securities for the financial period under review.

A7. Dividends paid

There was no dividend paid during the quarter ended 31 March 2016.

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2016

A8. Segmental information

	3 months ended	
	31.03.2016 RM'000	31.03.2015 RM'000
Segment Revenue		
Cement	134,755	143,754
Construction materials & trading	116,907	222,480
Construction & road maintenance	89,434	126,798
Property development	19,081	16,540
Samalaju development #	-	2,205
Strategic investments *	2,594	2,389
Others	9,481	8,007
Total revenue including inter-segment sales	372,252	522,173
Elimination of inter-segment sales	(25,346)	(31,184)
	<u>346,906</u>	<u>490,989</u>
Segment Results		
Operating profit/(loss):		
Cement	9,617	29,374
Construction materials & trading	16,979	30,322
Construction & road maintenance	17,575	25,129
Property development	3,160	2,655
Samalaju development #	-	(725)
Strategic investments *	(943)	-
Others	(4,403)	7
	<u>41,985</u>	<u>86,762</u>
Unallocated corporate expenses	(4,560)	(6,573)
Share of results of associates	(16,161)	13,734
Share of results of joint ventures	1,642	1,087
Profit before tax	22,906	95,010
Income tax expenses	(12,967)	(23,996)
Profit for the year	<u>9,939</u>	<u>71,014</u>

Upon internal restructuring, the subsidiaries within the division have been reclassified to property development and others.

* Financial services and education.

A9. Changes in composition of the Group

There have been no changes in the composition of the Group for the quarter ended 31 March 2016.

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2016

A10. Fair value of instruments

(a) Determination of fair value

Set out below is a comparison of the carrying amounts and fair values of the Group's financial instruments, by class, which are not carried at fair value in the financial statements. It does not include those short term/on demand financial assets and financial liabilities where the carrying amounts are reasonable approximation of their fair values:

	31 March 2016		31 March 2015	
	Carrying RM'000	Fair RM'000	Carrying RM'000	Fair RM'000
Financial assets:				
Available-for-sale financial assets:				
- Equity instruments	300	300	300	300
- Redeemable participating shares	-	-	8,134	8,134
	<u>300</u>	<u>300</u>	<u>8,434</u>	<u>8,434</u>
Financial liabilities:				
Interest-bearing loans and borrowings				
- Bankers' acceptances	26,890	26,890	34,504	34,504
- Term loans	111,500	111,736	42,604	42,636
- Revolving credits	52,000	52,000	44,000	44,000
- Loans from corporate shareholders	1,378	1,481	5,728	6,491
	<u>191,768</u>	<u>192,107</u>	<u>126,836</u>	<u>127,631</u>

(b) Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1 - Quoted prices in active markets for identical assets or liabilities,

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; and

Level 3 - Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2016

A10. Fair value of instruments (contd.)

(b) Fair value hierarchy (contd.)

As at the reporting date, the Group held the following financial assets and liabilities that were measured at fair value by level of fair value hierarchy:

	Level 1	Level 2	Level 3	Total
	RM'000	RM'000	RM'000	RM'000
31 March 2016				
Financial assets				
Income debt securities fund	-	4,944	-	4,944
Equity instruments	33,884	-	-	33,884
Derivative financial asset	-	-	35,414	35,414
	<u>33,884</u>	<u>4,944</u>	<u>35,414</u>	<u>74,242</u>
31 March 2015				
Financial assets				
Income debt securities fund	-	62,600	-	62,600
Equity instruments	38,083	-	-	38,083
Unit trust funds	27,843	-	-	27,843
Wholesale fund	-	1,464	-	1,464
	<u>65,926</u>	<u>64,064</u>	<u>-</u>	<u>129,990</u>

There have been no transfers between any levels during the current interim period and the comparative period.

A11. Capital commitments

The amount of commitments not provided for in the interim financial statements as at 31 March 2016 was as follows:

	RM'000
Approved and contracted for:	
- Property, plant and equipment	30,278
- Intangible assets	550
- Investment properties	30,210
- Others	5,704
	<u>66,742</u>
Approved and not contracted for:	
- Property, plant and equipment	190,888
- Intangible assets	360
- Investment properties	12,853
- Investment in associates	335,271
- Others	6,667
	<u>546,039</u>
	<u>612,781</u>

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2016

A12. Changes in contingent liabilities and contingent assets

There were no changes in the contingent liabilities or contingent assets since the last annual reporting date.

A13. Related party transactions

The following table provides information on the transactions which have been entered into with related parties during the period ended 31 March 2016 and 31 March 2015 as well as the balances with the related parties as at 31 March 2016 and 31 March 2015:

		Interest/ fee income from/sales to related parties RM '000	Purchases from/payment for services to related parties RM '000	Amounts owed by related parties RM '000	Amounts owed to related parties RM '000
Associates:					
- Kenanga Investment Bank Bhd	2016	-	44	-	-
	2015	139	-	-	-
- KKB Engineering Bhd	2016	107	-	107	-
	2015	-	-	50	-
- Harum Bidang Sdn Bhd	2016	-	-	-	-
	2015	-	45,329	-	3,197
- Kenanga Investors Bhd	2016	2,370	21	-	-
	2015	4,970	19	-	-
- Sacofa Sdn Bhd	2016	-	69	-	69
	2015	-	-	-	-
Joint Ventures:					
- PPES Works Wibawa	2016	37	-	26	-
	2015	-	-	41	-
- PPES Works Naim Land	2016	9	-	9	-
	2015	-	-	10	-
- PPES Works Larico	2016	122	-	129	-
	2015	-	-	73	-
- COPE-KPF Opportunities 1 Sdn Bhd	2016	408	-	-	-
	2015	408	-	-	-
- COPE Opportunities 2 Sdn Bhd	2016	282	-	-	-
	2015	282	-	-	-
Key management personnel of the Group:					
- Directors' interest	2016	2,213	654	612	3
	2015	897	512	1,557	3

All outstanding balances with these related parties are unsecured and are to be settled in cash within the financial year.

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2016

A14. Subsequent event

There was no material event subsequent to the statement of financial position date that has not been reflected in the quarterly financial statements other than as follows:

On 7 April 2016, Samalaju Industries Sdn Bhd subscribed for new 110,000,000 convertible preference shares issued by OM Materials (Sarawak) Sdn Bhd for a total subscription consideration of RM110,000,000 in cash.

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2016

Part B – Explanatory notes pursuant to Appendix 9B of the Listing Requirements of Bursa Malaysia Securities Berhad

B1. Review of performance

Quarter 1, 2016 (“1Q16”) vs Quarter 1, 2015 (“1Q15”)

Group revenue fell by 29% to RM346.91 million in 1Q16 from RM490.99 million in 1Q15, affected mainly by the Construction Materials & Trading Division and Construction & Road Maintenance Division.

Group profit before tax (“PBT”) dropped by 76% to RM22.91 million in 1Q16 from RM95.01 million in 1Q15, on the back of lower revenue, lower gross profit margin and share of substantial losses in associates. Most Divisions reported lower PBT and the Cement Division reported the steepest decline.

The Group reported profit after tax and non-controlling interest (“PATNCI”) of RM1.05 million for 1Q16, 98% down from PATNCI of RM57.42 million reported in 1Q15.

The performance of the Group’s respective Divisions are analysed as follows:

- (a) **Cement Division** - recorded a 67% lower PBT of RM9.62 million in 1Q16 over 1Q15’s PBT of RM29.37 million despite a 5% increase in cement selling price effective 1 January 2016. The decline in PBT was attributed to lower sales volume and higher costs in raw materials and imported cement on weaker Ringgit. This was further aggravated by lower cement and clinker production volumes and repair costs on plants shutdown coupled with higher fixed overheads upon commissioning of the new grinding mill.
- (b) **Construction Materials and Trading Division** - reported a lower PBT of RM16.98 million for 1Q16, below 1Q15’s PBT of RM30.32 million by 44%. This was on the back of lower contract services and lower premix sales volume due to exceptional inclement weather with frequent rain during 1Q16 which hampered the progress of works and the production volume of quarries. Moreover, there were no sales of MSPU pipes by the trading company in 1Q16 as the supply was fulfilled in May 2015.
- (c) **Construction & Road Maintenance Division** - posted a PBT of RM19.38 million which included the share of profit of joint ventures in 1Q16, representing a decrease of 26% over 1Q15’s profit of RM26.22 million. The lower PBT was on the back of less construction works undertaken and higher costs for state road maintenance.
- (d) **Property Development Division** - PBT improved to RM3.16 million in 1Q16 from a PBT of RM2.66 million in 1Q15, an increase of 19%. The higher PBT in 1Q16 was largely due to the profit recognition on the sales of completed showroom properties and the better performance from the lodges by Samalaju Properties Sdn Bhd which together with Samalaju Hotel Management Sdn Bhd have been reclassified to this Division effective 1 January 2016.
- (e) **Strategic Investments Division** – The Education subsidiary’s loss for 1Q16 and 1Q15 were at around RM1 million. The investment holding subsidiary reported a marginal profit in 1Q16 as there was no profit on redemption of investments as in 1Q15.

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2016

B1. Review of performance (contd.)

Quarter 1, 2016 (“1Q16”) vs Quarter 1, 2015 (“1Q15”) (contd.)

- (f) **Others** – The loss in the quarter under review was due to the loss incurred by CMS Management Services Sdn Bhd and Samalaju Industries Sdn Bhd. These two companies have been put under this “Others” effective 1 January 2016 upon internal restructuring.
- (g) **Share of results in associates** - recorded a loss of RM16.16 million in 1Q16 compared to a profit of RM13.73 million in 1Q15.

B2. Material changes in profit before tax for the quarter (Quarter 1, 2016 vs Quarter 4, 2015)

Group PBT fell by 81% to RM22.91 million in the current quarter from RM122.32 million in the preceding quarter. 1Q16 saw lower revenues and PBT in all Divisions and significant losses in associates.

The Construction & Road Maintenance Division’s PBT dropped by RM23.76 million or 55% from RM43.13 million in 4Q15. The higher PBT in 4Q15 was mainly due to the arrears of revenue from routine maintenance works recognised and profits recognised from completed projects upon finalisation of accounts.

The Construction Materials & Trading Division’s PBT declined by RM18.22 million or 52% from RM35.20 million in 4Q15. The decline was due to lower gross margin, slower progress of works and lower revenue due to frequent rain in 1Q16 whilst 4Q15 saw a better weather condition with less rainfall.

The Cement Division reported a 31% or RM4.33 million lower PBT in 1Q16 as compared to 4Q15, despite the increase in selling price. The main reasons were (a) 18% lower cement sales volume due to rainy season and festive break (b) lower cement and clinker production volumes and higher costs on longer shutdown period and (c) Higher fixed overheads for the new grinding plant.

The Property Development Division also saw a lower PBT from RM10.25 million in the preceding quarter to RM3.16 million in the current quarter, impacted by less properties sold and no land sale. In 4Q15, profit on a land sale was recognised.

B3. Prospects for the year ending 31 December 2016

Whilst the operating environment surrounding the Group is expected to remain challenging, the Group’s healthy financial position through our diversified portfolio of Sarawak-based businesses is positioned to weather this challenging environment.

We remain focused on growing our portfolio of businesses by taking advantage of the opportunities in Sarawak. Our strong fundamentals and resilience will enable us to perform and to deliver a satisfactory financial performance for the year 2016 and, coupled with other measures Management are taking, the Group is positioning itself for long term revenue and profitability growth.

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2016

B4. Profit forecast or profit guarantee

Not applicable as there was no profit forecast nor profit guarantee issued.

B5. Income tax expense

	3 months ended	
	31.03.2016	31.03.2015
	RM'000	RM'000
Current income tax:		
- Malaysian income tax	12,967	24,129
- Under/(over) provision in respect of previous years	-	-
Deferred tax	-	(133)
Total income tax expense	12,967	23,996

The effective tax rate for the quarters ended 31 March 2016 and 31 March 2015 were higher than the statutory tax rate principally due to the losses of certain subsidiaries and share of associates' losses which cannot be set off against taxable profits made by other subsidiaries.

B6. Corporate proposals

There were no other corporate proposals that have been announced but not completed as at the date of this announcement.

B7. Borrowings

	As at	As at
	31.03.2016	31.12.2015
	RM'000	RM'000
Secured		
Revolving credits	16,000	21,000
Unsecured		
Revolving credits	36,000	11,000
Bankers' acceptances	26,890	33,500
Term loans	111,500	96,800
Loan from corporate shareholder	1,378	1,378
Total	191,768	163,678
Maturity		
Repayable within one year	86,078	68,356
One year to five years	105,690	95,322
	191,768	163,678

All borrowings were denominated in Ringgit Malaysia.

CAHYA MATA SARAWAK BERHAD

(Company No. 21076-T)

NOTES TO THE QUARTERLY REPORT – 31 MARCH 2016

B8. Off balance sheet financial instruments

As at the date of this report, there are no financial instruments with off balance sheet risks entered into by the Group.

B9. Derivatives

There were no derivatives entered into by the Group as at the end of the quarter under review.

B10. Gains/losses arising from fair value changes of financial liabilities

There were no gains/losses arising from fair value changes of financial liabilities.

B11. Changes in material litigation

There were no changes in material litigation since the last annual statement of financial position date of 31 December 2015.

B12. Dividend payable

No interim dividend has been declared for the financial period ended 31 March 2016 (31 March 2015: Nil).

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2016

B13. Earnings per share

Basic earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share amounts are calculated by dividing profit for the period, net of tax, attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the period plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The following reflect the profit and share data used in the computation of basic and diluted earnings per share:

	3 months ended	
	31.03.2016	31.03.2015
Profit net of tax attributable to owners of the Company used in the computation of earnings per share (RM'000)	1,049	57,423
Weighted average number of ordinary shares in issue ('000)	1,074,376	1,039,763
Basic earnings per share (sen)	0.10	5.52
Weighted average number of ordinary shares for diluted earnings per share computation ('000)	N/A	1,042,159
Diluted earnings per share (sen)	N/A	5.51

Diluted earnings per share for the quarter ended 31 March 2016 was not applicable as the Company's Employee Share Option Scheme ("ESOS") had expired in June 2015.

B14. Auditor's report on preceding annual financial statements

The auditors' report on the financial statements for the year ended 31 December 2015 was not subject to any qualification.

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NOTES TO THE QUARTERLY REPORT – 31 MARCH 2016

B15. Additional disclosure on profit for the period

	Quarter ended 31.03.2016 RM'000	Financial period ended 31.03.2016 RM'000
Profit for the period is arrived at after charging/(crediting):		
Amortisation of intangible assets	123	123
Amortisation of prepaid land lease payments	191	191
Bad debt written off	-	-
Property, plant and equipment written off	1	1
Depreciation of property, plant and equipment	15,777	15,777
Depreciation of investment properties	36	36
(Gain)/loss on foreign exchange	1,832	1,832
(Gain)/loss on disposal of property, plant and equipment	(12)	(12)
(Gain)/loss on disposal of investments	897	897
(Gain)/loss on fair value changes of derivatives	-	-
Impairment loss on trade receivables	-	-
Interest expense	986	986
Interest income	(1,070)	(1,070)
Inventory written off	-	-
Net fair value changes in investment securities	(2,493)	(2,493)
Reversal of allowance for impairment loss on trade receivables	-	-
Reversal of allowance for obsolete inventory	-	-
Write down of inventory	-	-

B16. Realised and unrealised profits/losses

	As at 31 March 2016 RM'000	As at 31 December 2015 RM'000
Total retained earnings of the Company and its subsidiaries:		
- Realised	1,191,036	1,202,273
- Unrealised	(4,656)	(4,126)
	<u>1,186,380</u>	<u>1,198,147</u>
Total retained earnings from associates:		
- Realised	26,857	65,129
- Unrealised	14,233	(29,381)
	<u>41,090</u>	<u>35,748</u>
Total retained earnings from jointly controlled entities:		
- Realised	3,600	(6,521)
- Unrealised	-	17,891
	<u>3,600</u>	<u>11,370</u>
Add: consolidation adjustments	(61,747)	(76,908)
Total Group retained earnings as per consolidated accounts	<u><u>1,169,323</u></u>	<u><u>1,168,357</u></u>